

Herefordshire Council response to CLG statutory consultation on the Local Government Pension Scheme Rule of 85 protections

Herefordshire Council is responding to the CLG letter of 5 July 2007 regarding additional protection for existing Scheme members following the removal of the 85 year rule.

In summary, Herefordshire Council does not support the proposed extension of the existing rule of 85 protections as this would mean that new Scheme members would, in effect, be paying towards the cost of additional protections for existing members. We are, however, sympathetic to the inconsistencies this would produce for LGPS members in England and Wales in comparison to Scotland.

The CLG letter asked consultees to consider a number of specific areas. Our response is set out below:

1. The current levels of protections were agreed on the basis of legality and have been tested and upheld in the High Court judicial review in September 2006. We do not consider there to be sufficient employment policy or labour market objectives which could objectively and reasonably justify an extension of the current protection levels. We have not experienced any issues arising from cross-border transfers of staff and do not anticipate retention issues arising from the differing level of protection in Scotland.
2. We do not support the proposed extension to existing protections and have not, therefore, expressed a preference for a specific way of offsetting the associated costs.
3. Ministers have confirmed that the full costs of implementing increased protections must be provided from within the Scheme's existing cost-envelope. This would require further adjustments to the benefits package in the new look scheme or higher contributions for all members in order to provide affordable and improved levels of protection for a minority of Scheme members. We believe that this is inequitable.
4. The extension of full protection to 2020 would create a 'cliff-edge' which the current tapered protections avoid. We would still wish to avoid the cliff edge. Locally, fund members attaining age 60 between 01/04/2016 and 31/03/2020 amount to 12% of total membership. Of those members 27% would satisfy the rule of 85. Therefore the number of Scheme members who would benefit from a move to full protection until 2020 is minimal.